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Crescent Point Energy to buy Spartan Delta's Montney assets for \$1.2 bln

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Feedback

An oil & gas pump jack is seen near Granum, Alberta, Canada May 6, 2020. REUTERS/Todd Korol/File Photo



March 28 (Reuters) - Canada's Crescent Point Energy Corp ([CPG.TO](#)) said on Tuesday it will acquire Spartan Delta Corp's ([SDE.TO](#)) oil and gas assets in Alberta's Montney region for C\$1.7 billion in cash (\$1.24 billion).

Oil prices have been volatile since Russia's invasion of Ukraine more than a year ago, making it difficult for potential buyers and sellers to agree on price. In 2022, Canadian upstream deals amounted to C\$15.6 billion (\$11.43 billion), down 14% from the previous year, according to Sayer Energy Advisors.

Crescent Point shares edged up 0.1% in Toronto, while Spartan stock gained nearly 6%.

Calgary, Alberta-based Crescent Point said the 600 new Montney locations are adjacent to its Kaybob Duvernay assets which it bought over the past two years, and provide 20 years of drilling inventory. The assets will add production capacity worth 38,000 barrels of oil equivalent per day (boepd).

The Montney is one of Canada's most attractive oil plays due to its strong economics and CEO Craig Bryksa said Crescent Point's new wells would be profitable even if benchmark West Texas Intermediate crude prices <CLC1> fall below \$40 per barrel.

They currently trade around \$73. [O/R]

"If you think of the under-investment that has occurred globally within our sector (on production) over the last five to seven years, you can paint yourself a pretty bullish picture on oil," Bryksa told Reuters.

Crescent Point said it is looking to reduce net debt by about C\$1 billion over the next 12 months and may sell assets.

Assets in North Dakota's Bakken play may no longer fit the company's portfolio, Bryksa said. Crescent Point also produces oil in Saskatchewan.

Crescent Point has not begun to market specific assets and not set a target for the value of asset sales, Bryksa said.

Crescent Point raised its production outlook to 160,000 to 166,000 boepd from the earlier forecast of 138,000 to 142,000 boepd.

The deal is expected to close during the second quarter.

After the sale, Spartan said it will focus on its remaining assets in Alberta's Deep Basin and spin out some Alberta and British Columbia assets in a new subsidiary, Logan Energy Corp.

(\$1 = 1.3648 Canadian dollars)

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